

FACT SHEET
New Andean Trade Benefits
September 25, 2002

The Bush Administration today announced that Colombia, Bolivia, and Peru will be granted new trade benefits available under the recently renewed and expanded Andean trade preference program, the Andean Trade Promotion and Drug Eradication Act (ATPDEA).

The United States is continuing to work closely with the Government of Ecuador in order to be able to recommend that Ecuador receive benefits in the near future.

U.S. trade preference programs like the ATPDEA, which was expanded as part of the Trade Act of 2002, demonstrate American leadership and are important tools for building prosperity and openness, and furthering economic integration.

The Andean Trade Promotion and Drug Eradication Act (ATPDEA)

The Andean trade preference program provides the four Andean countries with duty-free access to U.S. markets for approximately 5,600 products. The program expired in December of 2001 and was renewed as part of the Trade Act of 2002.

All existing provisions were renewed, each country enjoys the same benefits as under the original program, and the program was extended by 700 additional products. The law requires a country certification process for the new, expanded portion of the program, which included receiving public input on each country's eligibility.

In addition, for some of the new products, the Administration must review the impact of providing duty-free access on U.S. producers. These reviews must be completed before realization of the new benefits.

Today's announcement means that Colombia, Bolivia and Peru will receive the new benefits of the program, pending the review for certain sensitive products and a Presidential proclamation to implement the program.

The Process and the Countries

Before extending the new benefits, the President must determine whether the countries meet the eligibility criteria established in the law. On the basis of an interagency review that included public comments, and certain actions and assurances by the governments of Colombia, Bolivia, and Peru, the President will grant these countries the full benefits available under the program.

The Administration is analyzing several Federal Register submissions as part of the public comment process related to Ecuador, which arrived at the end of the public comment period.

ATPDEA in Action

The Trade Act of 2002 expanded trade benefits for developing countries by more than \$1.2 billion. U.S. trade preference programs like the ATPDEA, which expanded the Andean Trade

Preferences Act (ATPA) as part of the Trade Act, demonstrate U.S. leadership and are important tools for building prosperity and openness, and furthering economic integration.

As an example of the success of the Andean Trade Preference Program in promoting economic development and providing incentives for these four Andean countries to diversify their economies away from narcotics production, Colombian exports to the U.S. market under ATPA have increased in value and as a percentage of total Colombian exports every year since 1993. According to the Colombian Ministry of Foreign Trade, between 1992 and 1999, ATPA generated a total of \$1.2 billion worth of output and more than 140,000 direct jobs in Colombia.

According to the government of Peru, in 1994, only 16 percent of Peruvian exports went to the United States. In the last year, with ATPA preferential tariff benefits, nearly 30 percent of Peru's exports went to the United States. ATPA has helped to bolster the Government of Peru's alternative development programs aimed at promoting the cultivation of crops such as coffee and cacao in areas of illicit coca cultivation. According to the Bolivian government, the ATPDEA will boost exports of jewelry, leather, and lumber products - all important economic sectors for Bolivia.

Under the expanded ATPDEA, apparel assembled in the Andean region from U.S. fabric or fabric components or components knit-to-shape in the United States may enter the United States duty free in unlimited quantities. Apparel assembled from Andean regional fabric or components knit-to-shape in the region may enter duty-free subject to a cap. The cap is set at 2 percent of total U.S. apparel imports, increasing annually in equal increments to 5 percent. These countries currently account for only about one percent of U.S. apparel imports.

Other new benefits of the program include: tuna in pouches, leather products, footwear, petroleum and petroleum products, watches and watch parts. For all of the new products except for apparel and tuna, the President must determine that the imports are not sensitive before those products can be granted duty-free treatment.

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